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## ARIZONA CORPORATION COMMIS

## UTILITY COMPLAINT FORM

Investigator: Brad MortonPhone:Fax: (Priority: Respond Within Five DaysOpinion No. 2010 - 90098Date: 10/12/2010Complaint Description: 08A Rate Case Items - Opposed  
N/A Not Applicable

Arizona Corporation Commission

DOCKETED

OCT 21 2010

First:Last:Complaint By: Lawrence

Wawrzyniak

Account Name: Lawrence WawrzyniakHome: (52Street:Work:City: TucsonCBR:State: AZ Zip: 85739is:

DOCKETED BY

Utility Company: Goodman Water CompanyDivision: WaterContact Name:Contact Phone:Nature of Complaint:

Attachment I

Arizona Corporation Commission

Public Comment Form

Docket no. W-02500A-IO-0382, Goodman Water Company, Rate Increase

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

OCT 21 P 2:57

RECEIVED

I oppose the Goodman Water Company (GWC)'s proposed rate increase as the Company has installed excess capacity and infrastructure which is substantially larger than required for the current homeowners in the Eagle Crest Ranch (ECR) subdivision.

This is patently unfair and amounts to a BAIL OUT of GWC.

I have three areas of concern:

## 1. Excess Capacity

In the past rate case decision 69404, the Arizona Corporate Commission (AZCC) Staff found that the infrastructure in place at that time was adequate to service the projected 950 homes in the development. Since the decision, developer D. R. Horton built out Phases tV-A and built several homes in Phase V-A. However, when they began building Phase IV-B, there appeared to be water pressure problems as D.R. Horton had to install temporary water pumps at each home built.

Under the guise of correcting the water pressure problems for the 27 lots (591-617) in Phase IV-B on Eagle Mountain Dr., and 51 lots (870-920) on Eagle Ridge Dr., D.R. Horton, as the developer, built water plant No. 2, Located at the corner of Eagle Mountain Dr. and Eagle Ridge Dr., for approximately \$1,429,903 as shown in Schedule B-2, pages 3.4. As I'm sure you're aware, D.R. Horton is a major developer connected with the ECR subdivision and active in other surrounding proposed expansions. This added infrastructure has increased GWC's capacity to service approximately 1,800 homes as reported in AZCC document no. 11 6091, dated September 2, 2010. It is obvious that this was an attempt to add additional infrastructure for speculation on future expansion of the subdivision including expansion west of Oracle Rd. opposite from ECR. Certainly there

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were cheaper ways to solve GWC's issue with a "Right Size" expansion.

It seems UNFAIR to expect the majority of homeowners in Eagle Crest Ranch to have to pay for infrastructure that supports only 88 lots or 9% of the total community that comprise the sole customer base of GWC. It is my opinion that a minimum of 91% of the costs associated with Water Plant No 2 be withdrawn from the proposed new Fair Value Rate Base.

### ACTION REQUIRED:

I ask the AZCC to investigate this excess capacity and remove its cost from the Fair Value Rate Base.

### 2. Increased Infrastructure to support increased Fire Flow Rates

Another apparent contribution to the excess infrastructure/capacity issue is related to D.R. Horton's negotiated deal with the Golder Ranch Fire District (GRFD) concerning Fire Sprinklers in homes greater than 3,600 sq. ft. of fire area. D.R. Horton was part owner of the GWC in September 2003, when the GRFD cited them for fire code violations on six homes of which five were completed in Phase I on S. Mountain Shadow Dr. without fire sprinkler systems and the fire inspector objected. (See: Attachment II, Section I.G-H).

Mr. Jim Morrison, Vice President of Construction proposed to increase the available fire flow from the previously approved 1,000 gpm to 1,500 gpm. Golder Ranch Fire District approved this change. It appears to me that it was only to D.R. Horton's benefit that this change was made to the water infrastructure not only in the reported infrastructure included in decision 69404 but also in this new rate increase as it relates to similar size homes being built in Phase IV-B and V-B. GRFD confirmed their acceptance in their letter to Leslie Schaefer dated June 28, 2004. (See: Attachment III).

### ACTION REQUIRED:

I ask the AZCC to investigate the increased cost associated with increasing the fire flow rate from 1,000 gpm to 1,500 gpm and remove the cost from the proposed Fair Value Rate Base.

### 3. Hook up Fees

Furthermore I disagree with GWC's reply to the AZCC order for filing for a Hook up fee tariff, see Decision 69404 Section 68. The wording indicated in this section suggested that Hook Up Fees were to help protect the current homeowners from future infrastructure increases to serve the Eagle Crest development.

GWC chose to file only Off Site Capital Expenditures and completely ignored any changes to On Site Capital Expenditures occurring after April 16, 2007. The added infrastructure in this rate request and subsequent increase in the Fair Value Rate Base could have been offset by added Hook Up Fees.

I am also curious as to why the AZCC did not respond to GWC's filing dated July 31, 2007, Document No 75160 until September 2, 2010, Document No 116091 the AZCC staff denial of Hook Up Fees for the Off Site facilities will work to the detriment of the ECR homeowners and will adversely increase the Fair Value Rate Base of GWC in the future to the detriment of the ECR homeowners.

The missed opportunity for GWC to obtain extra On Site Hook Up Fees for the 190 homes built up to this filing have worked to the detriment of the ECR homeowners as the opportunity to lower the Fair Value Rate Base was lost.

### ACTION REQUIRED

I ask the AZCC to revisit the issue of Hookup Fees and have GWC submit a proposal for additional and or increased Hook Up fees a.k.a. Impact or service equity fees for On Site Capital expenditures.

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### GOLDER RANCH FIRE DISTRICT

Community Risk Prevention Division

Helping to make our community a better, safer place to live |  
September 2003

Jim Morrison, Vice President Construction umaw wAtt fit  
DR. Horton Homes  
5255 E. Williams Cirde  
Suite 1030  
Tucson, Arizona 85711  
RE: Fire Code Review of Eagle Crest Ranch Development

Dear Mr. Morrison,

There have been recent discussions regarding some Fire Code deficiencies within the Eagle Crest Ranch Development. It is my intention to strive for fire code compliance and continue the good relations between Golder Ranch Fire District and D.R. Horton Homes. The two main issues at hand are as follows; fire flow requirements in relation to dwelling unit square footage, insufficient emergency secondary access. On the final plat for phase 2, I have also identified a concern regarding access for two separate cul-de-sacs with over 25 dwelling units each.

#### 1. Fire Flow

A. UFC Appendix 111-A IFC Appendix B - Section 5.1 One- and Two-Family Dwellings - The minimum fire flow and flow duration requirements for one- and two-family dwellings having a fire area which does not exceed 3,600 square feet shall be 1,000 gallons per minute. Fire flow and flow duration for dwellings having a fire area in excess of 3,600 square feet shall not be less than that specified in UEC Table A-III-A-i. Exception - A reduction of 50 percent; as approved, is allowed when the building is provided with an approved automatic sprinkler system.

B. UFC Appendix III-A - Section 4 Fire Area - Defined as the total floor area of all floor levels within the exterior walls, and under horizontal projections of a roof of a building except as modified in Section 4. Area Separation - Portions of a building which are separated by one or more four-hour area separation walls constructed in accordance with the Building Code, without openings and provided with a 30-inch parapet, are allowed to be considered as separate fire

C. Horizontal Projections of a Roof- GRFD interpretation and clarification with the latest editions of the fire code - Covered patios and porches that are not open on two or more sides are also considered as Fire Area for defining fire flow requirements.

D. Garages - Garages are included as Fire Area for defining fire flow requirements.

E. Fire Area Exceeding 3,600 Square Feet - The next step in Table A-III-A-I is 1,750 gallons per minute for buildings not exceeding 4,800 square feet.

F. Water Development Plans - The approved Water Development Plans were approved for 1,000 gpm fire flow and have notation that dwelling units exceeding 3,600 square feet in fire area shall have an automatic fire sprinkler system installed.

G. Situation - The "Kopopelli" model consists of 3,682 square feet plus a 652 square foot garage and covered porches/patios open on two or more sides for a total of 4,334 square feet fire area. The "Windsong" model consists of 2,998 square feet plus a 676 square foot garage and covered porches/patios open on two or more sides for a total of 3,674 square feet fire area. Both of these models exceed 3,600 square feet and are required to

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have an automatic sprinkler system installed. DR. Horton Homes has constructed and completed five (5) dwelling units that exceed 3,600 square feet in fire area, lots 147, 157, 162, 166, and 191. An automatic fire sprinkler system has not been installed in these dwelling units. A sixth dwelling unit exceeding 3,600 square feet is currently under construction, lot 193. An approved automatic sprinkler system has been installed for lot 193. Future lots might be sold and built upon with dwelling units exceeding 3,600 square feet.

H Proposed Solution -Jim Morrison, 11W Horton Homea, has expressed the desire of DR. Horton Homes to not have to install automatic sprinkler systems in the homes exceeding 3,600 square feet and has proposed to increase the available fire flow to 1,500 gallons per minute. Westland Resources has modeled the existing water system and submitted documentation that the system could handle an increase of 500 gpm.

I. Dwelling units exceeding 3,600 square feet but not exceeding 4,800 square feet would require 1,750 gpm by Table A-III-A-i. Chief Fink and Pirn Marshal Schoon have reviewed the situation, and due to an overall 500 gpm improvement for the entire development, agreed to allow the dwelling units to be constructed up to 4,800 in fire area, if 1,500 gpm is available.

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June 28, 2004  
Leslie Schaefer  
D R Horton  
5255 E. Williams Circle  
Suite 1030  
Tucson, AZ 85711  
RE: Eagle Crest Ranch, Phase III (Lots 378-419)

Dear MS. Schaefer,

I received your letter describing the road widths and possibly increasing the fire flow to 1,500 gpm in lieu of the required installation of automatic sprinkler systems. The road widths stated are minimum widths and as such do not offer anything to consider in the way of not enforcing the fire code with an alternative method. Your letter was bold enough to suggest that emergency apparatus could utilize a 10' right of way on both sides and illustrated it as a "clear area." With the installation of mailboxes, landscaping, and vehicles of homeowners parked in their driveways, I certainly can not see this as a "clear area."

D R Horton has stated in October 2003 they would increase the fire flow to 1,500 gpm because of constructing dwellings exceeding 3,600 square feet. The Fire Code requirement is 1,750 gpm for dwellings exceeding 3,600 square feet. GRFD agreed to accept an increase to 1,500 gpm for dwellings up to but not exceeding 4,800 square feet. As of June 2004, the improvements have not been accomplished.

Furthermore, the entire development is served by a single access point. An emergency secondary access was constructed in the cul-de-sac of Mountain Shadows Drive to meet the Fire Code. The Fire Code requires minimum clear width of 20 feet. GRFD agreed to accept a 14 foot clear width for the relatively short distance between Mountain Shadows Drive and Edwin Road. The developer constructed an access that is only 9 feet wide with one side having a vertical drop off into a drainage area. The access can not be utilized by fire apparatus. In the October 2003 meeting with D R Horton and GRFD, this was pointed out and was also to be corrected. As of June 2004, the access has not been corrected.

Increasing the available fire flow to 1,500 gpm, and correcting the existing secondary access is paramount to the continuation of this development. Golder Ranch Fire District has been patient and obviously willing to work with D R Horton; however, D R Horton has not been responsive to correcting the deficiencies. Lots 378- 419 do require without exception, an additional secondary access or the installation of an automatic sprinkler system in each dwelling.

Sincerely,

# ARIZONA CORPORATION COMMISSION

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Steven L. Schoon

Fire Marshal

Golder Ranch Fire District - Community Risk Prevention Division 3535 E. Hawser St.; Tucson, Arizona 85739

520-818-1017 Fax 520-825-8043 [www.golderranchfire.org](http://www.golderranchfire.org) [prevention@aolderranchfire.on](mailto:prevention@aolderranchfire.on)

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\*End of Complaint\*

Utilities' Response:

Investigator's Comments and Disposition:

Opinion docketed

\*End of Comments\*

Date Completed: 10/12/2010

Opinion No. 2010 - 90098

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